S. HRG. 98-47

NOMINATION OF MARY F. WIESEMAN TO BE INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

NOMINATION OF
MARY F. WIESEMAN TO BE INSPECTOR GENERAL OF THE
SMALL BUSINESS ADMINISTRATION

APRIL 13, 1983

Printed for the use of the Committee on Small Business

U.S. GOVERNMENT PRINTING OFFICE
19-647 O WASHINGTON : 1983

SJ21-16.

COMMITTEE ON SMALL BUSINESS

LOWELL WEICKER, JR., Connecticut, *Chairman*

BOB PACKWOOD, Oregon	SAM NUNN, Georgia
ORRIN G. HATCH, Utah	WALTER D. HUDDLESTON, Kentucky
RUDY BOSCHWITZ, Minnesota	DALE BUMPERS, Arkansas
SLADE GORTON, Washington	JAMES R. SASSER, Tennessee
DON NICKLES, Oklahoma	MAX BAUCUS, Montana
WARREN RUDMAN, New Hampshire	CARL LEVIN, Michigan
ALFONSE M. D'AMATO, New York	PAUL E. TSONGAS, Massachusetts
BOB KASTEN, Wisconsin	ALAN J. DIXON, Illinois
LARRY PRESSLER, South Dakota	DAVID L. BOREN, Oklahoma

ROBERT J. DOTCHIN, *Staff Director*
R. MICHAEL HAYNES, *Chief Counsel*
ALAN L. CHVOTKIN, *Minority Chief Counsel*

CONTENTS

	Page
Statement of Senators:	
Nunn, Hon. Sam, a U.S. Senator from the State of Georgia	14
Sasser, Hon. James R., a U.S. Senator from the State of Tennessee	15
Weicker, Hon. Lowell, Jr., a U.S. Senator from the State of Connecticut, and chairman, Senate Small Business Committee	1
Statement of:	
Sanders, Hon. James C., Administrator, Small Business Administration	4
Wieseman, Mary F., Inspector General Designate of the Small Business Administration	7

HEARING DATE

April 13, 1983: Afternoon session	1

NOMINATION OF MARY F. WIESEMAN TO BE INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION

WEDNESDAY, APRIL 13, 1983

U.S. SENATE,
SMALL BUSINESS COMMITTEE,
Washington, D.C.

The committee met, pursuant to notice, at 2:08 p.m., in room 432-SR, Russell Senate Office Building, Senator Lowell Weicker, Jr. (chairman of the committee) presiding.

Present: Senator Weicker.

Staff present: Robert J. Dotchin, staff director; R. Michael Haynes, chief counsel; Alan L. Chvotkin, minority chief counsel; and Dorothy C. Olson, hearing clerk.

STATEMENT OF HON. LOWELL WEICKER, JR., A U.S. SENATOR FROM THE STATE OF CONNECTICUT, AND CHAIRMAN, SENATE SMALL BUSINESS COMMITTEE

The CHAIRMAN. The committee will be in order.

The committee today is holding a hearing to consider the nomination of Mary Wieseman to be the Inspector General at the Small Business Administration.

As the agency's chief protector and the watchdog of its resources, the IG serves an absolutely invaluable and essential role. The IG's office is dutybound to investigate and prevent waste, fraud, abuse, and mismanagement in the agency's programs. The importance of that role cannot be minimized.

For the IG to do his or her job effectively, that office must be independent, strong, and aggressive. Problems that exist must be uncovered, and the shots must be called as the IG sees them—without interference or influence. If that is done, the IG will not only be the best friend the agency has but will also be the strongest ally of the small business constituency that the agency serves.

This committee has over the past 2 years held six major oversight hearings on SBA programs. Critical problems were uncovered and reforms were recommended and instituted. The agency is now a truly more effective and better advocate for small business because of this indepth oversight conducted by the committee.

We were aided greatly in this activity by the Office of the Inspector General and the former IG, Paul Boucher, who, as I have said in the past, was one of the finest public servants I have known.

I also appreciate the job done by Raymond Randolph, the acting IG, in the interim. Through their leadership, that office has estab-

BEST COPY AVAILABLE

lished an outstanding track record of thoroughness, dedication, and professionalism.

Now, as we move on, I am confident and expect that the newly appointed IG will carry on the same fine work that I have seen from this office in the past. Having had the opportunity to meet personally with Mrs. Wieseman, I am confident that she has the capability of meeting that challenge.

[The prepared statement of Senator Weicker follows:]

OPENING STATEMENT OF SENATOR LOWELL WEICKER, JR.
SBA INSPECTOR GENERAL NOMINATION
APRIL 13, 1983

GOOD AFTERNOON. TODAY THE COMMITTEE IS HOLDING A HEARING TO CONSIDER THE NOMINATION OF MARY F. WIESEMAN TO BE THE INSPECTOR GENERAL AT THE SMALL BUSINESS ADMINISTRAITON.

AS THE AGENCY'S CHIEF PROTECTOR AND THE WATCHDOG OF ITS RESOURCES, THE I.G. SERVES AN ABSOLUTELY INVALUABLE AND ESSENTIAL ROLE. THE I.G.'S OFFICE IS DUTY BOUND TO INVESTIGATE AND PREVENT WASTE, FRAUD, ABUSE AND MISMANAGEMENT IN THE AGENCY'S PROGRAMS. THE IMPORTANCE OF THAT ROLE CANNOT BE MINIMIZED.

FOR THE I.G. TO DO HIS OR HER JOB EFFECTIVELY, THAT OFFICE MUST BE INDEPENDENT, STRONG AND AGGRESSIVE. PROBLEMS THAT EXIST MUST BE UNCOVERED, AND THE SHOTS MUST BE CALLED AS THE I.G. SEES THEM -- WITHOUT INTERFERENCE OR INFLUENCE. IF THAT IS DONE, THE I.G. WILL NOT ONLY BE THE BEST FRIEND THE AGENCY HAS BUT WILL ALSO BE THE STRONGEST ALLY OF THE SMALL BUSINESS CONSTITUENCY THAT THE AGENCY SERVES.

THIS COMMITTEE HAS OVER THE PAST TWO YEARS HELD SIX MAJOR OVERSIGHT HEARINGS ON SBA PROGRAMS. CRITICAL PROBLEMS WERE UNCOVERED AND REFORMS WERE RECOMMENDED AND INSTITUTED. THE AGENCY IS NOW A TRULY MORE EFFECTIVE AND BETTER ADVOCATE FOR SMALL BUSINESS BECAUSE OF THIS IN-DEPTH OVERSIGHT CONDUCTED BY THE COMMITTEE. WE WERE AIDED GREATLY IN THIS ACTIVITY BY THE OFFICE OF THE INSPECTOR GENERAL AND THE FORMER I.G., PAUL BOUCHER, WHO AS I HAVE SAID IN THE PAST, WAS ONE OF THE FINEST PUBLIC SERVANTS I HAVE KNOWN. I ALSO APPRECIATE THE JOB DONE BY RAYMOND RANDOLPH, THE ACTING I.G., IN THE INTERIM. THROUGH THEIR LEADERSHIP, THAT OFFICE HAS ESTABLISHED AN OUTSTANDING TRACK RECORD OF THOROUGHNESS, DEDICATION AND PROFESSIONALISM.

NOW, AS WE MOVE ON, I AM CONFIDENT AND EXPECT THAT THE NEWLY APPOINTED I.G. WILL CARRY ON THE SAME FINE WORK THAT I HAVE SEEN FROM THIS OFFICE IN THE PAST. HAVING HAD THE OPPORTUNITY TO MEET PERSONALLY WITH MRS. WIESEMAN, I AM CONFIDENT THAT SHE HAS THE CAPABILITY OF MEETING THAT CHALLENGE.

The CHAIRMAN. We are delighted to have with us the Administrator, James Sanders, and the nominee, Mary Wieseman.

Why don't you proceed in any way that you deem fit. Jim, maybe you would like to go ahead and lead off.

Mr. SANDERS. I would like to very much, Mr. Chairman.

The CHAIRMAN. And then Mary can follow.

STATEMENT OF HON. JAMES C. SANDERS, ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION

Mr. SANDERS. Thank you.

Mr. Chairman, it is my pleasure to be with you today to introduce the President's nominee to be Inspector General of the Small Business Administration, Ms. Mary Folliard Wieseman.

I have met with Ms. Wieseman several times prior to her nomination, and I am impressed with her background in law enforcement and her commitment to the high standards of integrity that we pursue in public service.

Ms. Wieseman and I have discussed the role of Inspector General at the SBA, and I have expressed to her my tremendous support for the independent role envisioned by the Inspector General Act of 1978.

I also strongly believe that the Inspector General must function as a part of the management team at the SBA. I will continue to

seriously heed the advice and recommendations of the Office of Inspector General in my management of all SBA's programs.

It is not often that you meet a native of Washington, D.C., in the political life, but Mary has lived, studied, and worked here all of her life. She graduated from the Immaculata Preparatory School and was a Phi Beta Kappa graduate of Catholic University. It was there that she also received her law degree and where she served on the editorial board of the Law Review.

Professionally, she worked for the Department of Justice in the honors program in the year following her graduation and was the assistant U.S. attorney for the District of Columbia.

Other Government service includes the LEAA and the Department of HEW before she went into private practice with her husband in Rockville.

In addition to her other work, she also served as acting general counsel of the Legal Services Corporation from 1982 to February of this year.

In addition to her professional life, Mary is also the mother of three children and the wife of J. Theodore Wieseman, a public defender for Montgomery County, Md.

As you know, Mr. Chairman, the Small Business Administration was fortunate to have been recognized for its excellence in the Office of the Inspector General. I feel that Mary Wieseman has the necessary qualifications and commitment to carry on this tradition of integrity in the public sector, and I urge your most expedient consent to her nomination.

Thank you.

[The prepared statement of Mr. Sanders follows:]

STATEMENT OF HON. JAMES C. SANDERS, ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION

Mr. Chairman and members of this committee, it is my pleasure to be with you today to introduce the President's nominee to be Inspector General of the Small Business Administration, Ms. Mary Folliard Wieseman. I have met with Ms. Wieseman several times prior to her nomination and am impressed with her background in law enforcement and her commitment to the high standards of integrity that we pursue in public service.

Ms. Wieseman and I have discussed the role of the Inspector General at the SBA and I have expressed to her my tremendous support for the independent role envisioned by the Inspector General Act of 1978. I also strongly believe that the Inspector General must function as a part of the management team at the SBA. I will continue to seriously heed the advice and recommendations of the Office of Inspector General in my management of all SBA's programs.

It is not often that you meet a native of Washington, D.C., in the political life, but Mary has lived, studied, and worked here all of her life. She graduated from Immaculata Preparatory School, and was a Phi Beta Kappa graduate of Catholic University. It was there that she also received her law degree, where she served on the Editorial Board of the Law Review.

Professionally, she worked for the Department of Justice in the Honors Program in the year following her graduation and was the Assistant United States Attorney for the District of Columbia. Other government service include LEAA and the Department of HEW before she went into private practice with her husband in Rockville. In addition to her other work, she also served as Acting General Counsel of the Legal Services Corporation from 1982 to February of this year.

In addition to her professional life, Mary is also the mother of three children and the wife of J. Theodore Wieseman, a Public Defender for Montgomery County, Maryland.

As you know, Mr. Chairman, the Small Business Administration was fortunate to have been recognized for its excellence in the Office of the Inspector General. I feel

that Mary Wieseman has the necessary qualifications and commitment to carry on this tradition of integrity in the public sector, and I urge your most expedient consent to her nomination.

The CHAIRMAN. Thank you very much, Jim, for your statement.

I want to apologize to Mary for mispronouncing your name, and I will tell you why, because people do it—you are "IE" and I am "EI," and everybody pronounces my name "Wicker." [Laughter.]

I will never forget, as long as I live, when I first ran for the Congress, for the House of Representatives, from the Fourth District of Connecticut. We literally spent about 90 percent of the advertising budget having people pronounce my name correctly. We had a slogan, "I'm a Weicker liker," so that everybody would pronounce "Weicker" correctly.

Well, everything went fine up until the night before the election. I had Nelson Rockefeller in to campaign for me. He was on a hookup that covered the entire district. All the radio stations were there, and all the television stations.

Not once, not twice, but at least half a dozen times in that speech, he referred to his "good friend, Lowell Wicker." [Laughter.]

And he undid all the good.

So I apologize to you and to your lovely family for having committed the transgression which is committed against myself daily, and I can assure you that it in no way indicates any lack of affection or respect for you as the nominee.

I might add in that regard, why don't you at this time, before making any statement that you have—I suspect you do have some relatives in the room, and I think it would be just great if you would go ahead and introduce them to the Chair.

Ms. WIESEMAN. Thank you, Mr. Chairman.

My husband, Ted Wieseman, and my three children are in the first row.

The CHAIRMAN. Ted, it is nice to see you.

Ms. WIESEMAN. Joe, Moira, and Teddy.

The CHAIRMAN. Hello, Joe. How are you doing?

JOE WIESEMAN. Hi.

The CHAIRMAN. Moira, how are you?

MOIRA WIESEMAN. Hi.

The CHAIRMAN. And who else?

Ms. WIESEMAN. Teddy.

The CHAIRMAN. And Teddy. How are you?

TEDDY WIESEMAN. Good.

The CHAIRMAN. Do you think your mom is going to make it through this hearing?

TEDDY WIESEMAN. Yes.

The CHAIRMAN. Do you think I should be tough or easy?

TEDDY WIESEMAN. Easy. [Laughter.]

Ms. WIESEMAN. That's my boy.

My mother is also present, Catherine Folliard, as well as two sisters, a sister-in-law, a brother-in-law, and various nieces and nephews. And this is only half of the family.

The CHAIRMAN. It is a fine-looking group.

Mary, you go ahead and proceed with any statement that you might have.

STATEMENT OF MARY F. WIESEMAN, INSPECTOR GENERAL DESIGNATE OF THE SMALL BUSINESS ADMINISTRATION

Ms. WIESEMAN. Thank you, Mr. Chairman.

Mr. Chairman, it is indeed a privilege for me to appear before you today as the President's nominee to serve as Inspector General of the Small Business Administration.

Let me say at the outset of the hearing that I am particularly honored to have been chosen to succeed Paul Boucher who, as you all know, served for 3 years with distinction as the first Inspector General until his tragic and untimely death.

Although I did not know Paul Boucher personally, I am well aware of the dedication and professionalism he brought to his work. He left behind him a reputation as a strong, fair, and innovative leader.

One of my goals as Inspector General is to continue that tradition within the Office of Inspector General. I also fully intend to do everything possible to enhance the reputation that the Office of Inspector General of the Small Business Administration already has of sustaining the highest standards of integrity and professionalism.

Allow me also to praise the efforts of Raymond Randolph and the entire staff of the Office of Inspector General for maintaining the high level of efficiency and professionalism during these past months. The employees and management of the agency could have had no reason to have less confidence in the performance of the Office of Inspector General under the stewardship of Ray Randolph simply because there was no statutory Inspector General.

Mr. Randolph's leadership helped to ensure that the Office of Inspector General remained a vital force within the agency. I am proud to be joining a group of people who are as dedicated as these to the purposes of their organization.

The Small Business Administration has been given great responsibilities by Congress by way of the programs which SBA administers. These programs are primarily financial, and most are very complex.

The Inspector General has been charged with oversight responsibilities through the Inspector General Act of 1978. This presents a great challenge to me because, unlike other officials of the agency, who, generally speaking, have primary responsibility for one major program and who are required to have specific knowledge only of that program, the Inspector General must have a working knowledge of each and every program within the purview of the Small Business Administration.

I believe that I have a good background upon which to draw for these varied responsibilities. My experience at the Department of Justice included working in the General Claims Section of the Civil Division, where I evaluated the merits of civil claims on behalf of the United States, particularly in the fields of bankruptcy and contracts.

As an assistant U.S. attorney in the District of Columbia, I had the opportunity to work with the Department of Justice, as well as many other Federal agencies, in cases involving numerous Federal programs.

Further, as an assistant U.S. attorney, I also handled criminal matters on both the trial and appellate level. Serving under United States Attorneys David Bress and Thomas Flannery, I worked with staffs of professionals who were dedicated to the evenhanded and impartial enforcement of the law without regard to personal or political influence.

I bring with me that same dedication. I also bring with me 7 years of experience as a small business person. After I left Government service, I became a partner in a small law firm in Rockville, Md. The law firm was a "small business" in every sense of the definition. Even though I had no dealings with the Small Business Administration, I certainly have learned during those 7 years to appreciate the problems and plight of the small business person.

Congress has dedicated substantial funds to be utilized through the Small Business Administration to promote and assist small businesses in a variety of far-reaching programs. My experience as a small business person makes me all the more aware that the programs which are authorized by Congress and administered by the SBA are very important to those small businesses which qualify for assistance.

With this understanding, I feel it is most important for the Inspector General to work closely with the Administrator and program officials in the formulation of internal control systems that will prevent abuses of these programs and to insure that the assistance which these programs provide are, in fact, reaching the individuals and companies which Congress intended to reach.

It is essential, however, that the Office of Inspector General maintain its independent posture while working with SBA's management in carrying out its statutory responsibilities. This task is not an easy one, but the Inspector General Act of 1978 has given the Inspector General the statutory authority and independence necessary to accomplish these goals.

The Inspector General at SBA has the legal responsibility to insure that the programs which SBA administers operate in an efficient manner and, in so doing, assure that the money appropriated by Congress is used for the purposes for which it was intended, not diverted or lost through fraud, waste, abuse, or mismanagement.

It is vital that the Inspector General be an active force in the oversight of the expenditure of these funds. For these reasons, I believe that the importance of the position of Inspector General of the Small Business Administration cannot be overstated.

Mr. Chairman, this concludes my prepared remarks. I welcome any questions.

[The prepared statement of Ms. Wieseman follows:]

STATEMENT OF
MARY F. WIESEMAN
INSPECTOR GENERAL DESIGNATE
OF THE
SMALL BUSINESS ADMINISTRATION
BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

APRIL 13, 1983

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, IT IS INDEED A PRIVILEGE FOR ME TO APPEAR BEFORE YOU TODAY AS THE PRESIDENT'S NOMINEE TO SERVE AS INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION.

LET ME SAY AT THE OUTSET OF THIS HEARING THAT I AM PARTICULARLY HONORED TO HAVE BEEN CHOSEN TO SUCCEED PAUL R. BOUCHER WHO, AS YOU ALL KNOW, SERVED FOR 3 YEARS WITH DISTINCTION AS THE FIRST INSPECTOR GENERAL UNTIL HIS TRAGIC AND UNTIMELY DEATH. ALTHOUGH I DID NOT KNOW PAUL BOUCHER PERSONALLY, I AM WELL AWARE OF THE DEDICATION AND PROFESSIONALISM HE BROUGHT TO HIS WORK. HE LEFT BEHIND HIM A REPUTATION AS A STRONG, FAIR AND INNOVATIVE LEADER.

ONE OF MY GOALS AS INSPECTOR GENERAL IS TO CONTINUE THAT TRADITION WITHIN THE OFFICE OF INSPECTOR GENERAL. I ALSO FULLY INTEND TO DO EVERYTHING POSSIBLE TO ENHANCE THE REPUTATION THAT THE OFFICE OF INSPECTOR GENERAL AT THE SMALL BUSINESS ADMINISTRATION ALREADY HAS OF SUSTAINING THE HIGHEST STANDARDS OF INTEGRITY AND PROFESSIONALISM.

ALLOW ME ALSO TO PRAISE THE EFFORTS OF RAYMOND RANDOLPH AND THE ENTIRE STAFF OF THE OFFICE OF INSPECTOR GENERAL FOR MAINTAINING THE HIGH LEVEL OF EFFICIENCY AND PROFESSIONALISM DURING THESE PAST MONTHS. THE EMPLOYEES AND MANAGEMENT OF THE AGENCY COULD HAVE HAD NO REASON TO HAVE LESS CONFIDENCE IN THE PERFORMANCE OF THE OIG STAFF UNDER THE STEWARDSHIP OF RAY RANDOLPH SIMPLY BECAUSE THERE WAS NO STATUTORY INSPECTOR GENERAL. MR. RANDOLPH'S LEADERSHIP HELPED TO ENSURE THAT THE OFFICE OF INSPECTOR GENERAL REMAINED A VITAL FORCE WITHIN THE AGENCY. I AM PROUD TO BE JOINING A GROUP OF PEOPLE WHO ARE AS DEDICATED AS THESE TO THE PURPOSES OF THEIR ORGANIZATION.

THE SMALL BUSINESS ADMINISTRATION HAS BEEN GIVEN GREAT RESPONSIBILITIES BY CONGRESS BY WAY OF THE PROGRAMS WHICH SBA ADMINISTERS. THESE PROGRAMS ARE PRIMARILY FINANCIAL AND MOST ARE VERY COMPLEX. THE INSPECTOR GENERAL HAS BEEN CHARGED WITH OVERSIGHT RESPONSIBILITIES THROUGH THE INSPECTOR GENERAL ACT OF 1978.

THIS PRESENTS A GREAT CHALLENGE TO ME BECAUSE, UNLIKE OTHER OFFICIALS OF THE AGENCY WHO, GENERALLY SPEAKING, HAVE PRIMARY RESPONSIBILITY OF ONE MAJOR PROGRAM AND WHO ARE REQUIRED TO HAVE SPECIFIC KNOWLEDGE OF ONLY THAT PROGRAM, THE INSPECTOR GENERAL MUST HAVE A WORKING KNOWLEDGE OF EACH AND EVERY PROGRAM WITHIN THE PURVIEW OF THE SMALL BUSINESS ADMINISTRATION.

I BELIEVE THAT I HAVE A GOOD BACKGROUND UPON WHICH TO DRAW FOR THESE VARIED RESPONSIBILITIES. MY EXPERIENCE AT THE DEPARTMENT OF JUSTICE INCLUDED WORKING IN THE GENERAL CLAIMS SECTION OF THE CIVIL DIVISION WHERE I EVALUATED THE MERITS OF CIVIL CLAIMS ON BEHALF OF THE UNITED STATES--PARTICULARLY IN THE FIELDS OF BANKRUPTCY AND CONTRACTS. AS AN ASSISTANT UNITED STATES ATTORNEY IN THE DISTRICT OF COLUMBIA I HAD THE OPPORTUNITY TO WORK WITH THE DEPARTMENT OF JUSTICE, AS WELL AS MANY OTHER FEDERAL AGENCIES IN CASES INVOLVING NUMEROUS FEDERAL PROGRAMS. FURTHER, AS AN ASSISTANT UNITED STATES ATTORNEY, I ALSO HANDLED CRIMINAL MATTERS ON BOTH THE TRIAL AND APPELLATE LEVEL. SERVING UNDER UNITED STATES ATTORNEYS DAVID BRESS AND THOMAS FLANNERY, I WORKED WITH STAFFS OF PROFESSIONALS WHO WERE DEDICATED TO THE EVEN-HANDED AND IMPARTIAL ENFORCEMENT OF THE LAW WITHOUT REGARD TO PERSONAL OR POLITICAL INFLUENCE. I BRING WITH ME THAT SAME DEDICATION.

I ALSO BRING WITH ME SEVEN YEARS OF EXPERIENCE AS A SMALL BUSINESS PERSON. AFTER I LEFT GOVERNMENT SERVICE, I BECAME A PARTNER IN A SMALL LAW FIRM IN ROCKVILLE, MARYLAND. THE LAW FIRM WAS A "SMALL BUSINESS" IN EVERY SENSE OF THE DEFINITION AND EVEN THOUGH I HAD NO DEALINGS WITH THE SMALL BUSINESS ADMINISTRATION, I CERTAINLY HAVE LEARNED DURING THOSE SEVEN YEARS TO APPRECIATE THE PROBLEMS AND PLIGHT OF THE SMALL BUSINESS PERSON.

CONGRESS HAS DEDICATED SUBSTANTIAL FUNDS TO BE UTILIZED THROUGH THE SMALL BUSINESS ADMINISTRATION TO PROMOTE AND ASSIST SMALL BUSINESSES IN A VARIETY OF FAR-REACHING PROGRAMS. MY EXPERIENCE AS A SMALL BUSINESS PERSON MAKES ME ALL THE MORE AWARE THAT THE PROGRAMS WHICH ARE AUTHORIZED BY CONGRESS AND ADMINISTERED BY THE SBA ARE VERY IMPORTANT TO THOSE SMALL BUSINESSES WHICH QUALIFY FOR ASSISTANCE. WITH THIS UNDERSTANDING, I FEEL IT IS MOST IMPORTANT FOR THE INSPECTOR GENERAL TO WORK CLOSELY WITH THE ADMINISTRATOR AND PROGRAM OFFICIALS IN THE FORMULATION OF INTERNAL CONTROL SYSTEMS THAT WILL PREVENT ABUSES OF THESE PROGRAMS AND TO ENSURE THAT THE ASSISTANCE WHICH THESE PROGRAMS PROVIDE ARE, IN FACT, REACHING THE INDIVIDUALS AND COMPANIES WHICH CONGRESS INTENDED TO REACH. IT IS ESSENTIAL, HOWEVER, THAT THE OFFICE OF INSPECTOR GENERAL MAINTAIN ITS INDEPENDENT POSTURE WHILE WORKING WITH SBA'S MANAGEMENT IN CARRYING OUT ITS STATUTORY RESPONSIBILITIES. THIS TASK IS NOT AN EASY ONE, BUT THE INSPECTOR GENERAL ACT OF 1978 HAS GIVEN THE INSPECTOR GENERAL THE STATUTORY AUTHORITY AND INDEPENDENCE NECESSARY TO ACCOMPLISH THESE GOALS.

THE INSPECTOR GENERAL AT SBA HAS THE LEGAL RESPONSIBILITY TO ENSURE THAT THE PROGRAMS WHICH SBA ADMINISTERS OPERATE IN AN EFFICIENT MANNER, AND IN SO DOING ASSURE THAT THE MONEY APPROPRIATED BY CONGRESS IS USED FOR THE PURPOSES FOR WHICH IT WAS INTENDED--NOT DIVERTED OR LOST THROUGH FRAUD, WASTE, ABUSE, OR MISMANAGEMENT. IT IS VITAL THAT THE INSPECTOR GENERAL BE AN ACTIVE FORCE IN THE OVERSIGHT OF THE EXPENDITURE OF THESE FUNDS. FOR THESE REASONS, I BELIEVE THAT THE IMPORTANCE OF THE POSITION OF INSPECTOR GENERAL OF THE SMALL BUSINESS ADMINISTRATION CANNOT BE OVERSTATED.

MR. CHAIRMAN, THIS CONCLUDES MY PREPARED STATEMENT. I WILL BE PLEASED TO RESPOND TO ANY OF YOUR QUESTIONS.

The CHAIRMAN. Thank you very much, Mary.

Let me ask counsel as to what the status is of the disclosure statements, security investigations, et cetera. Is all in order on that count?

Mr. HAYNES. That is correct, Mr. Chairman, it is.

The CHAIRMAN. And is minority counsel satisfied?

Mr. CHVOTKIN. Senator Nunn has reviewed the FBI reports, and we are satisfied.

The CHAIRMAN. First of all, let me state that this is, obviously, an important day in your life, and I think you very graciously and correctly have given acknowledgment to the man whom you succeed. Certainly, also, there should be praise given to Mr. Randolph.

Paul Boucher probably epitomized in my mind, what it is an inspector general should be about. He was a man of enormous integrity and sensitivity and, certainly, independence, and a man who represented the interests of all of the employees in the Small Business Administration. He was also completely accessible to this committee.

So it is also a moving day in that sense, that Paul is no longer with us, but I would hope that he would stand out there as an example for many in the Federal Government as to how the job should be done.

First of all, I want to be assured, as does the committee, that you would be totally accessible to the committee at its call on all matters.

Ms. WIESEMAN. I certainly will, Mr. Chairman.

The CHAIRMAN. And the independence of the office—I don't like to say this, but it is as good a place to say it as any. I want to know whether you look upon this as a position not subject, if you will, to the direction of the Administrator, whom, as he knows and everybody knows, I admire greatly; but rather, that there is a measure

of independence to this position that you are now taking on, and that, indeed, really—I don't think "loyalties" is the right word, because you owe your loyalties, certainly, to the Administrator, but certainly your judgments have to be enacted on behalf of all of the employees and all of those that are served by the Small Business Administration.

Ms. WIESEMAN. Yes, Mr. Chairman.

I believe the statute sets forth two different themes. The Inspector General reports to and under the general supervision of the Administrator of the agency. At the same time the Office of Inspector General must maintain independence in order to carry out its statutory responsibilities.

Both elements are necessary, and necessarily emphasized, in order to be able to be an effective Inspector General. An Inspector General does not have an adversarial relationship with the agency, but it is not subservient, and it cannot be prohibited from performing its statutory functions by the agency or the Administrator.

Mr. Sanders, as he stated in his opening statement, and I have discussed the role of the Inspector General. He fully supports the independence of the office and has assured me of his support in that independence.

I have assured him of my support in the management and coordination with the Administrator, for the goal of both of us, I believe, is to assure that the agency operates in the manner that Congress intended.

The CHAIRMAN. As far as I am concerned, I have no further questions.

I think the time has come. We have been without a permanent Inspector General long enough to roll up our sleeves and get to work.

I have a statement here by Senator Sasser, which includes questions for the nominee. I would appreciate if they could be responded to for the record. I might add that there may be a few other questions for response to the record from the chairman. In addition, I would like to submit for the record the final disclosure documents you submitted to the Office of Government Ethics, and that office's report to me of this review and belief that you are in compliance with applicable laws and regulations governing conflict of interest.

The record will be left open for the remainder of the day for statements and/or questions from other Senators.

[Material follows:]

STATEMENT OF HON. SAM NUNN, A U.S. SENATOR FROM THE STATE OF GEORGIA

Mr. Chairman, I am pleased to join you in this hearing on the nomination of Mary Wieseman to be Inspector General of the Small Business Administration.

The IG is one of only three Presidentially appointed, and Senate confirmed, officials in the Small Business Administration, and the only one without direct program responsibility. In fact, the Inspector General has a more difficult job than running a program, I believe. That job is to insure that the controls are in place in advance to insure that the agency programs meet their statutory responsibility in an effective and efficient manner. The IG also has a significant audit and investigation responsibility, both of a routine, and an extraordinary nature.

Given the large number of financial assistance programs and loan recipients of the agency, the IG will be in a very critical position in protecting the interests of the taxpayers, and the funds made available to the agency by Congress.

Mr. Chairman, I have reviewed the background material, financial disclosure forms, and FBI report on the nominee. Everything appears to be in order.

While this hearing is the critical first step in the Senate confirmation process, the hard work lies ahead of her. I would expect Mrs. Wieseman to have the full independence that the Inspector General Act of 1978 envisioned. I would expect her to have full and complete access to the Administrator, the staff, and law enforcement officials in the Executive branch. I can assure her of our commitment to insuring that she has the tools, and the authority, to do the quality of work which we expect.

STATEMENT OF HON. JAMES R. SASSER, A U.S. SENATOR FROM THE STATE OF TENNESSEE

Mrs. Wieseman, as I'm sure you know, our current national economic situation has led to increased competition for government procurements that are set aside for small businesses. In fact, it appears that there are cases of some large companies using loopholes in the Small Business Administration regulations governing size standards to provide unfair competition to small businesses. This is a practice that cannot be tolerated and I'm sure you share my view on that point. Furthermore, it seems to me that this committee and the SBA have the responsibility for making sure that legitimate small businesses are protected and I want to pursue any necessary changes that may ensure that goal. Since the SBA is about to adopt procedures which call for review of size appeals cases by an Administrative Law Judge, I would appreciate your comments on the following questions.

(1) What role will your office have under these new procedures for enforcing decisions in size appeals cases?

(2) Do you think that the Inspector General should be charged with assessing financial penalties for violations of SBA size standards?

(3) Would you look into this matter and provide the committee with legislative recommendations that would provide for stricter enforcement of SBA size standards?

U.S. Small Business Administration
Washington, D.C. 20416

OFFICE OF THE
INSPECTOR GENERAL

JAN 20

Honorable James Sasser
United States Senate
Washington, D.C. 20510

Dear Senator Sasser:

Thank you for providing me with the opportunity to address your concerns regarding the Office of Inspector General at the Small Business Administration in relation to my confirmation hearings before the Senate Small Business Committee.

Enclosed you will find my responses to the questions you posed for inclusion in the hearing record. You can be assured that I am very concerned with the efficient operations of the Office of Inspector General and upon confirmation, will assume my duties with much interest and vigor.

If there are any other questions for which I can provide further information to you or the Committee staff, please let me know.

Sincerely,

Mary F. Wieseman
Inspector General - Designate

Enclosure

1. What role will your office have under these new procedures for enforcing decisions in size appeals cases?

   A. I do appreciate and share your concern that the small business set-aside program be administered by the Small Business Administration (SBA) and other Government agencies in such a way as to assure that contracting opportunities are not diverted from the intended beneficiaries of the program.

   In that regard, I am generally aware that various regulations relating to SBA size determination and appeals processes are being revised. It is my understanding that no enforcement role as such is assigned to or undertaken by the Office of Inspector General (OIG) in relation to size appeals determinations made under existing procedures, nor is any enforcement role expected to be established in any new procedures which might be developed. I believe that the enforcement of decisions arrived at during administrative review or hearing processes established by the SBA is properly a part of the administration of SBA programs and as such, is an appropriate responsibility of SBA program officials. That being the case, I do not expect that the OIG would be assigned, nor would it assume any such responsibility following an administrative review of size appeals cases, particularly in light of that provision of the Inspector General Act (at 5 U.S.C. App. I, Sec. 9(a)(2)) prohibiting the assumption by an OIG of program operating responsibilities.

   Of course, as with any other program function, I expect that the OIG would exercise an oversight role through audits, investigations or other reviews as necessary and feasible, for the purposes of evaluating the effectiveness of SBA's administration of the small business set-aside program, and of assuring that ineligible business are not permitted to abuse the program to the detriment of the small business concerns for which it was intended.

2. Do you think that the Inspector General should be charged with assessing financial penalties for violations of SBA size standards?

   A. I understand that the OIG has expressed support on several occasions for efforts to enact comprehensive legislation authorizing administratively imposed civil money penalties, citing the size standard program as one which might benefit from the availability of such a remedy for false self-certifications as to size. While I have not had an opportunity to explore the subject in depth, I am inclined to believe that the concept has considerable merit in connection with that program, as well as others, in SBA.

As to the role of an Inspector General in such a process, I believe that the appropriate role of the Inspector General would be to conduct investigations as necessary for the purpose of establishing whether violations of SBA statutes or regulations relating to size status have been violated, with any determinations to impose financial penalties to be made by the Administrator or an appropriate designee and after appropriate notice and opportunity for a hearing.

3. Would you look into this matter and provide the committee with legislative recommendations that would provide for stricter enforcement of SBA size standards?

A. I would certainly be amenable to looking into this matter at the earliest possible opportunity after my appointment, and to reviewing the program, OIG audit and investigation efforts and other relevant data, and discussing the same with interested Agency officials. Pursuant to your request, if it should appear to me after that review that new legislation would assist in the prevention of program abuse, or in more effective sanctions for such abuse, then I would be pleased to provide the Committee in upcoming semi-annual reports or otherwise with legislative recommendations by the OIG providing for stricter enforcement of the size standards.

LOWELL WEICKER, JR., CONN., CHAIRMAN
ROD CHANDLER, WASH.
CHRIS D. MATCH, UTAH
MARY LANDRIEU, LA.
CLAIBORNE PELL, R.I.
DAN NICKLES, OKLA.
WARREN RUDMAN, N.H.
ALFONSE M. D'AMATO, N.Y.
DAN EASTEN, WIS.
LARRY PRESSLER, S. DAK.
SAM NUNN, GA.
WALTER D. HUDDLESTON, KY.
DALE BUMPERS, ARK.
JAMES D. GARNER, TENN.
MAX BAUCUS, MONT.
CARL LEVIN, MICH.
PAUL E. TSONGAS, MASS.
ALAN J. DIXON, ILL.
DAVID L. BOREN, OKLA.
ROBERT J. DOTCHIN, STAFF DIRECTOR
R. MICHAEL HAYNES, CHIEF COUNSEL
ALAN L. CHVOTKIN, MINORITY CHIEF COUNSEL

United States Senate
COMMITTEE ON SMALL BUSINESS
WASHINGTON, D.C. 20510

April 8, 1983

MEMORANDUM:

TO: Small Business Committee Legislative Representatives

FROM: Mike Haynes, Chief Counsel
Alan Chvotkin, Minority Chief Counsel

SUBJ: HEARING ON NOMINATION OF MARY F. WIESEMAN TO BE THE INSPECTOR GENERAL OF SBA

On April 13, 1983, the full Committee will hold a hearing on the nomination of Mary F. Wieseman to be the Inspector General of the Small Business Administration. The hearing will begin at 2:00 p.m. in Room 428A Russell Building, and will be chaired by Senator Weicker.

The nomination has been referred sequentially to the Committee on Small Business and thereafter to the Committee on Governmental Affairs which will have 20 days after receipt of the nomination to report to the Senate.

It is the desire of the Chairman and Ranking Minority Member to report this nomination out of Committee as expeditiously as possible after the hearing.

Attached for your review is the following:

1. The Presidential nomination of Mrs. Wieseman
2. A brief biography of Mrs. Wieseman
3. The financial disclosure report of Mrs. Wieseman required pursuant to the Ethics in Government Act

Attachments (3)

ON 116

The White House,

MAR 16 1983 19

To the

Senate of the United States.

I nominate Mary F. Wieseman, of Maryland, to be Inspector General, Small Business Administration, vice Paul Robert Boucher, deceased.

RONALD REAGAN

NOMINATION REFERENCE

As in executive session,
Senate of the United States,

March 16, 1983.

Ordered, that the following nomination be referred to the Committee on Small Business and, when and if reported, to the Committee on Governmental Affairs for not to exceed 20 days:

(See attached--PN116)

BIOGRAPHY OF MARY FOLLIARD WIESEMAN

Born, Washington, D.C., September 14, 1942. Married June 27, 1970, to J. Theodore Wieseman. Three children: Teddy, age 10, Moira, age 9, and Joseph, age 6. Residence: 1098 Larkspur Terrace, Rockville, Maryland. Husband's occupation, Public Defender for Montgomery County, Maryland.

Education: Immaculata Preparatory School, graduated in 1960. Catholic University, B.A., Phi Beta Kappa, 1964. Catholic University School of Law, L.L.B., 1967, Editorial Board of the Law Review.

Employment: Department of Justice, Honors Program, 1967-68; Assistant United States Attorney for the District of Columbia, 1968-1971; Legal Counsel, Saint Elizabeths Hospital, 1971-72; Consultant, National Institute for Law Enforcement and Criminal Justice, LEAA, 1974; Attorney, Deaprtment of HEW, 1975-76; private practice in Rockville, Maryland, Wieseman & Wieseman, 1976 - present; Acting General Counsel Legal Services Corporation, 1982-February 1983.

Memberships: Montgomery County Bar Association, Women's Bar Association of Montgomery County, Maryland State Bar Association, Assistant United States Attorneys Association.

Bar Admissions: District of Columbia, 1968; Maryland Court of Appeals, 1975.

United States of America
Office of
Government Ethics

Office of Personnel Management
Washington, D.C. 20415

MAR 18 1983

Honorable Lowell P. Weicker
Chairman, Select Committee on Small
Business
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mary F. Wieseman, who has been nominated by President Reagan for the position of Inspector General, Small Business Administration.

We have reviewed the report and have also obtained advice from the Small Business Administration concerning any possible conflict in light of the Administration's functions and the nominee's proposed duties. Based thereon, we believe that Ms. Wieseman is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David R. Scott
Acting Director

Enclosure

Office of Government Management

Reporting Status (Check Appropriate Box)			NOTE	Agency Use Only	
Incumbent	New Entrant, Nominee, or Candidate [x]	Termination Report	All schedules must be filed. Enter "None" in areas or across schedules where appropriate.	Date of Filing (Month, Day, Year) 2/17/83 Feb 17 12 52 PM '83	FEB 28 1983

Reporting Individual's Name	Last Name: Wieseman	First Name and Middle Initial: Mary F.		
Position for Which Filing	Title of Position: Inspector General	Department or Agency (If Applicable): Small Business Administration	Date of Appointment/Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
Location of Present Office	Address (Number, Street, City, State and Zip Code): Wieseman, Wieseman & Gallagher, Adams Law Center, 25 Wood Lane, Rockville, MD 20850		Room Number: None	Telephone No. (Include Area Code): (301) 251-9200

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust? [ ] Yes [x] No
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held	

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Mary D. Wieseman	2/16/83

Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	David W. Ferrell	2/21/83
Office of Government Ethics Use Only	Signature: David A. Scott	Date (Month, Day, Year): 3/18/83

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

2/25/83 Telephone discussion with Ms. Wieseman. She confirmed that (1) no clients of her current law firm are SBA borrowers, applicants or are otherwise connected with the Agency and (2) she will provide no services to current law practice clients in connection with phasing out this practice, after assuming the SBA position. Collection of some accounts receivable, however, will probably continue following her assumption of the SBA position.

(Check box if comments are continued on the reverse side) [ ]

This schedule is applicable in the case of all reporting individuals.

	Yes	No
Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust?		X
If "yes", have you reported the income from the trust?		
If "yes", have you reported the assets of the trust?		
If "yes", is this trust an "excepted" trust? ... or "qualified" trust?		

	Yes	No
Are there any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported?		X
If "Yes," do you certify to all of the following: 1. They represent solely your spouse's or dependent child's financial interest or responsibility; 2. They are not, in any way, past or present, derived from your income, assets, or activities; 3. You neither derive, nor expect to derive, any financial or economic benefit from them, and 4. You do not have knowledge as to the composition of such interest or liabilities.		

Page Number 25

Schedule A

Reporting Individual's Name

Agency Use Only

Date of Filing (Month, Day, Year)

Spouse (S) or Dependent Child (DC)	Identification	Income: Type of Income (✓) Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify)	Income: Category of Amount or Value (✓) None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount (Only if "Other" Specified)	Date (Mo., Day, Yr.) (Only if Honoraria)	Interests in Property: Valuation of Assets (✓) Valuation Method	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
	Wieseman, Wieseman & Gallagher**							partnership income						X			78,030.02	1981						
S	Wieseman, Wieseman & Gallagher							" "									64,403.28	1982						
S	State of MD Public Defender							salary																
	Individual Retirement Account Virginia National Bank			X						X							10,311.90		H		X			
S	Individual Retirement Account Virginia National Bank			X						X									H		X			
	Wieseman, Wieseman & Gallagher							partnership											A			X		

**Fiscal year income - Nov. 1, 1980 thru Oct. 31, 1982

PURCHASES, SALES, AND EXCHANGES

This schedule is applicable only in the case of annual and termination reports.

Page Number 1 | Schedule B

Agency Use Only

Date of Filing (Month, Day, Year)

Report Applicable Transactions, Even if Also Reported on Schedule A

S or DC	Identification of Property (real and personal)	Type of Transaction			Date (Month, Day, Year)		Category of Amount or Value ( )					
		Purchase	Sale	Exchange	Purchase	Sale or Exchange	$1,001 to $5,000	$5,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
	None											

GIFTS AND REIMBURSEMENTS

This schedule is applicable only in the case of annual and termination reports.

Schedule C

Agency Use Only

Date of Posting (Month, Day, Year)

I. Lodging, Transportation, Food and Entertainment—List each source totaling $250 or more in value

S or SC	Source (Name and Address)	Brief Description	Value
	Not applicable		

II—All Other Gifts—List each source totaling $100 or more in value

S or SC	Source (Name and Address)	Brief Description	Value
	None		

III. Reimbursements—List each source totaling $250 or more in value

S	Source (Name and Address)	Brief Description	Value
	None		

None						

POSITIONS HELD

Name and Address of Organization	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Wieseman, Wieseman & Gallahger 25 Wood Lane, Rockville, MD 20850	Law Firm	Partner	11/76	12/82
Legal Services Corp. 733 15th St., N.W., Washington D.C. 20005	Federally Funded Corporation	Acting General Counsel	4/82	12/82

COMPENSATION IN EXCESS OF $5,000 PAID BY ONE SOURCE This section is applicable only in the case of nominees and new entrants.

Source (Name and Address)	Brief Description of Duties
Legal Services Corporation 733 15th St., N.W., Washington, D.C. 20005	Consultant, Acting General Counsel
State of Maryland, Office of the Public Defender 414 Hungerford Dr., Rockville, MD 20850	Fees for representing indigent defendants in criminal trials
Iris Garnett, 2101 Conn. Ave., N.W., Wash.D.C.20008	Representation in contract litigation
Wilkie Wilkinson, 2627 Holman Ave., Silver Spring,MD	Representation in Workmen's Compensation case
John P. Buscher, 1101 Wilson Blvd, N.Arlington, VA 22209	Representation in domestic litigation
Mary Rollins, 12641 Georgia Ave., Silver Spring, MD 20906	Representation in child custody litigation

RELATIONS WITH OTHER EMPLOYERS

Description of Terms of Any Agreement or Arrangement	Parties	Date (Mo., Day, Yr.)
When appointed to the position, the law firm of Wieseman, Wieseman & Gallagher will be dissolved. It is expected that the accounts receivable at the time of the dissolution will generate income for a period of time after the appointment. In addition, it is possible that income will be received after appointment from the sale of partnership assets. No other interests will survive the dissolution.		

The CHAIRMAN. Now, what I would like to do, if at all possible, and if this has been discussed with the ranking member, is to poll this nomination out so that we can get it on the calendar at the earliest possible date. [Consultation with staff.]

Can we get to the business of polling this afternoon and try to get it out of here this afternoon?

Mr. DOTCHIN. Yes, Mr. Chairman.

The CHAIRMAN. That is exactly what will happen. We will try to move this out of the committee, this committee, this afternoon. I am informed it has to go in a sequential, then over to Government Affairs.

So, the sooner the better, because, as I indicated, I consider this position to be of the greatest importance, and it should be filled permanently and filled immediately.

So good luck to you. I certainly intend to cast my ballot for you. Who knows? You might find this to be the most pleasant hearing you will have in your career. [Laughter.]

I hope not. The Administrator and I have had a very wonderful relationship ever since his confirmation.

So I wish you the best of luck, and to your family, also. It has been a great privilege having you all here in the room today, and you can be very proud of your wife, your mother, your daughter, whatever the relationship happens to be. I think she is going to do a fine job.

Thank you very much.

Ms. WIESEMAN. Thank you, Mr. Chairman.

The CHAIRMAN. The committee stands adjourned.

[Whereupon, at 2:26 p.m., the committee recessed, to reconvene at the call of the Chair.]

○